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SUBJECT: MEDIA REACTION: U.S., AFGHANISTAN, IRAN, MIDEAST, ICELAND,

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[1](#)1. Lead Stories Summary

The main story in today's print media is the conflict between Foreign Minister Westerwelle and the head of the Expellee Organization, Erika Steinbach, on her future job as board member of the Foundation "Flight, Expulsion, Reconciliation." Other stories deal with Iceland's refusal to repay debts to the UK and the Netherlands (Handelsblatt, FT Deutschland) and the most recent unemployment figures (Berliner Zeitung). Editorials focused on the Steinbach-Westerwelle conflict and on the renewable energies project in the North Sea. ZDF-TV's early evening newscast heute and ARD-TV's early evening newscast Tagesschau opened with reports on Steinbach.

[1](#)2. (U.S.) Obama - Intelligence Services' Meeting

Under the headline "Obama acts as counterterrorism President," Spiegel Online led with a story noting: "He wanted to move away from the warlike politics of his predecessor George W. Bush, but the failed Detroit attack makes clear: the fight against terrorism is also the main business for Barack Obama. His speech after the intelligence meeting shows how much the new role will change his style of government."

Berliner Zeitung (1/6) noted: "One result was clear already prior to the security meeting: The dark shadow of terror fears has settled down around Obama's presidency. Before the Detroit plot, the topic hardly played a role eight years after 9/11... Experts now believe that it will play a greater role on Obama's agenda this year."

FT Deutschland (1/6) carried a page on America's airport security policy, highlighting: "America closes down - In fear of new terror attacks, the U.S. tightens its entry regulations. However, many of the protectionist measures are ineffective and put off tourists and businessmen. Israel shows how to create high security standards with little use of technology."

Berliner Zeitung (1/6) headlined "Double agent humiliates the CIA," and notes in its intro: "Many things that happened last week at the CIA outpost Forward Operating Base Chapman in the Afghan border region are still unclear.... However, it seems to be clear what led to the

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serious setback: the suicide bomber was obviously a double agent with connections to al Qaida.... The terror network humiliated the CIA with a cat-and-mouse game."

13. (Afghanistan) London Conference

Frankfurter Allgemeine (1/6) editorialized on Foreign Minister Westerwelle's statement that he seeks a "political" solution to the conflict in Afghanistan: "He believes that this will allow him to avoid the discussion over an increase of German troops in Afghanistan. The reality looks different. Westerwelle and the Americans share the same goal, but they differ on the path to get there. 2,500 American soldiers are supposed to be deployed to Kunduz, which is in the north of the country, where the Germans bear the responsibility. Some of them are supposed to train 4,000 Afghan soldiers; other units will protect the camp and secure the region.... This makes clear what a challenge it is to set up Afghan security forces. It will not be possible without additional foreign assistance, including a military component."

14. (Iran) Ban to Talk to Foreign Institutions

Under the headline "Iran also focuses on German foundations," Die Welt (1/6) reported that "the regime imposed a ban on contacting 60 institutions in the country and abroad.... The prohibition to talk to international broadcasters further limits the freedom to move for opposition leader Musawi and Medhi Karubi." Frankfurter Allgemeine (1/6) headlined "Regime in Iran Broadens its Censorship," adding "Given the ongoing protests against the regime, the Iranian intelligence service tries to isolate 60 domestic and international

institutions."

15. (Mideast) New Peace Efforts

Frankfurter Allgemeine (1/6) commented: "The kind of two-state solution that would be acceptable to Israelis and Palestinians is not a secret. It is more difficult to get both conflicting parties to reach these compromises despite the great political risks. The current path of building confidence has not worked. President Obama and his Mideast envoy Mitchell obviously want to try it the other way around: they lure both sides into new negotiations by promising that they will be finished after two years.... Given the many failed efforts, the new attempt is worthwhile. However, the Israelis and Palestinians - and their leaders - must be willing themselves to create peace."

16. (Iceland) Government Won't Repay Debts

Several papers (1/6) reported that the Iceland's President Grimsson

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announced that he would veto the repayment of 3.5 billion euro to foreign depositors and that he refused to sign a bill from which primarily British and Dutch savers would have profited. Frankfurter

Allgemeine reported under the headline: "Iceland Blocks Compensations," while Die Welt headlined: "Iceland's President Uses

His Right to Veto Compensation of Savors" and reported: "It was the

second time in the 65-year history of the country that a president whose job is primarily to represent the country, used his right to refuse to approve a bill. According to the Constitution, a referendum must decide in such a case. Grimsson's step is likely to intensify

domestic turbulence in the island state, which has been especially hard hit by the financial crisis.... The unresolved compensation question is an obstacle to Icelandic efforts to join the EU and to get support from the IMF." Tagesspiegel headlined: "Presidential Veto

Plunges Iceland Into Crisis," while Financial Times Deutschland led

with the lead story: "Iceland Risking Accession to the EU." Handelsblatt carried a lead story under the headline: "Iceland Risking Conflict with IMF."

Berliner Zeitung (1/6) analyzed the situation in the country and wrote: "The nation held its breath, for what usually happens was declared a vital question this time. More than 60,000 Icelanders -

one quarter of all voters - called upon their president in a petition

to stop the so-called compensation bill. He did it yesterday and suggested a referendum on it. This bill is more than a technical formality. It is the key document for the self understanding of the

Icelanders after the collapse of their economy but also for their country's rapprochement with Europe. However, a referendum could jeopardize Iceland's quick accession to the EU because it cannot bypass London and The Hague on its way to Brussels. And both governments clearly signaled yesterday that, without compensation for foreign depositors, there will be no accession and no further [EU] loans."

In a front-page editorial, Handelsblatt (1/6) argued under the headline: "Fear of State Bankruptcy," that "Iceland's refusal

clearly shows that, in 2010, we will have to fight fears that countries do not or are incapable of repaying their debt. Cases such as Dubai, Greece, Latvia, and Ukraine are nurturing this fear. But Iceland is a special case and has good chances to recover.... The country does not have to repay external debt by the end of 2011 and will have good chances with a high per capita income to be in a better situation soon if it wants to get fresh money from investors. Despite the economic misery it is at least possible to play a poker game, as the president and the Icelanders are doing. Other states such as Greece do not have such possibilities - and we will hear quite a lot from these countries in

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2010."

According to Financial Times Deutschland (1/6), "The Icelandic government signed a contract in which it gave assurances to pay compensation. Serious contractors stick to such promises when the contract has not even entered into force. By withholding his signature, the Icelandic president is now also questioning Iceland's membership of the circle of industrialized countries that need to be taken seriously, let alone its declared goal of joining the EU. Obviously, neither the protesting people nor the President are aware of what is at risk. In addition to the country's political respectability, Iceland's economic prosperity is at risk. Who wants to invest in the country on whose promises we cannot rely? And who will save Iceland and its currency during the next crisis if the Europeans - and this is understandable - have had enough?"

17. (Defense) A 400 M

Frankfurter Allgemeine (1/6) carried a report under the headline: "Airbus Threatens To Scrap Military Transportation Aircraft," and wrote: "The tone in the controversy over the financing of the A 400 M military transportation aircraft is getting sharper. Airbus is now openly threatening to scrap the program if the governments do not make concessions in the talks with the company. Financial Times Deutschland reported that EADS CEO Thomas Enders only sees a 50:50 chance for a successful agreement. This threat is primarily directed against the German government, which is taking the toughest position in the talks. The parliamentary Undersecretary of Defense, Christian Schmidt (CSU) explained the German position towards FAZ: 'Cancelling the contract is not the subject matter of talks.' The negotiating partner would be EADS, not Airbus, he said, and added: 'For us, the contract is the basis. Additional demands from EADS are on the table and that is the subject matter of talks.'"

According to Die Welt (1/6), "the Europeans are threatened with a disgrace. When Airbus is threatening to scrap the A 400 M military transportation aircraft, then this is in reality the last attempt to save the project. Saber rattling is a well tested tactical game in

difficult negotiations...and a continuation of the project is very likely. First, the end of the project would also be expensive for

EADS. In addition, EADS's reputation as a reliable supplier would be at risk.... And the nations that have ordered the plane will not be able to avoid additional payments either. They must also be blamed for an increase in costs. Germany, France, and the other countries wanted to demonstrate together with EADS that Europe is able to finance enormous arms projects such as the A 400 M. It would be a disgrace for the producer and for the ordering nations to display

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the three prototypes of the aircraft, whose development already cost billions of euros, in a museum."

18. (Economic) State of U.S. Economy

Under the headline: "U.S. Recovery Lacks Strength," Handelsblatt (1/6)

editorialized: "The U.S. economy is turning around, profits and orders increase and the stock markets are cheering, but the biggest economy has been put on drugs and these drugs are losing their effect. The arguments of the optimists, according to which the U.S. economy has embarked upon a path of growth, are only true for the short term. The current upswing is based on the fact that companies have increased their production after previous historic cuts and are rebuilding inventories. On paper, this creates a strong increase in production, even though the turnover of many companies has hardly recovered from their plunge. Experience teaches us that such recoveries, which are only based on a change with respect to inventories, do not last very long. In addition, the optimists hardly say that the upswing rests almost exclusively on state doping. This effect is, on a short term basis, stimulating, but in the long run, dangerous. For a long-term recovery, the U.S. economy, which is driven by domestic consumption, needs signs of relaxation from the highly indebted consumers and profound optimism on the part of the companies to initiate a new wave of investments. The optimists can wish for such a development, but they cannot make it happen."

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